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Outlet: HR.com

Word Count: 759 (including title, subtitle, and byline; 727 without)

Billing in the Gig Economy — Unique Challenges and Benefits

The gig economy brings many challenges, but technology enables gig workers to streamline payments.

By Angelica Tan, Senior Director of Accounts Receivable — [Cyberbacker](#)

The gig economy has reshaped the landscape of global employment. In fact, as of 2023, [16%](#) of the US's workforce is made up of gig workers, and a whopping [47%](#) of the global workforce participates in some form of gig work.

This way of working — characterized by short-term contracts and freelance employment rather than permanent positions — has changed the way employers hire and people make a living. Now, many are able to leverage their skill sets by working freelance jobs or turning their passions into an additional stream of income.

However, getting paid in the gig economy is an entirely different process compared to collecting a standard paycheck, and holds some unique challenges for gig economy workers. On the other hand, there are also a number of benefits to sending and receiving billable payments as a worker in the modern gig economy.

The challenges of getting paid

Regardless of their size or niche, businesses the world over frequently rely on gig workers and freelancers due to the cost savings they tend to bring. Companies can easily hire additional talent for a temporary project or contract, which eschews the more common markers of full-time employment, such as health benefits and PTO. Yet, gig workers overwhelmingly report [positive](#) overall feelings about their work, even if challenges remain.

One of the most significant challenges is getting paid, as payments can take several weeks (or more) to receive once invoiced. Additionally, many gig workers and freelancers don't have

sophisticated invoicing strategies or systems in place, making it easier for unscrupulous businesses to take advantage of them when it comes time to send payments.

When on their own, freelancers and gig workers may not have a solid system for documenting their time spent on a project or whether their rates fall within industry standards. As a result, many of these workers set their expectations for receiving payment far too low and are merely happy to get paid anything at all for their services.

With traditional employees, there are set processes in place for sending, receiving, and documenting payments. Freelancers upend these standard processes with their own rates, individual contract needs, and payment schedules. As such, employers who frequently use gig workers or freelancers may want to build a more standardized system into their processes to help integrate the work these employees provide. A more standardized company-wide system could help ensure payments for gig workers are received correctly, promptly, and efficiently.

Using digital invoicing and payment processing could be beneficial for both the gig worker and the employers who bring them on. For one, [e-invoices](#) are proven to result in faster payments. Digital payments and invoicing also offer methods for better record keeping and data analysis, allowing gig workers to track hours worked and payments received, and businesses to do the same with hours and invoices paid.

The benefits of gig work billing

One of the primary benefits of billing gig workers is that the power rests in the hands of the workers themselves. Since they have more power when it comes to deciding when they work, how much they work, what to charge clients, and when invoices can be sent and received, this can allow gig workers to more easily conduct personal budgeting and planning.

There is also a level of independence with gig work that those working in traditional 9-5 roles may not experience. Gig workers can track their payments and hours in whichever way they find works best for them and let that data drive their work decisions going forward. This means they don't have to worry about being micromanaged or leaving their pay in the hands of a larger, more powerful corporate entity.

Pay rates can also be higher for some roles in today's gig economy. Because employers save money in terms of benefits, they are often willing to pay a higher wage for gig work. As a result, freelancers who possess a specific skill, talent, or niche set of industry knowledge can command higher pay based on the value they can bring to a company.

The gig economy shows no signs of slowing down. With technology allowing gig workers to collect payment faster and more efficiently, and employers seeing the range of benefits of hiring gig workers, the gig economy looks to be in a position to continue to shape the world of work far into the future.